GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1585
ANSWERED ON:28.11.2002
IMPORT OF LNG FROM QATAR
S. SAIDUZZAMAN

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether GAIL had entered into a 25 year agreement for import of LNG from Qatar Ras Gas at prohibitive prices;

(b) if so, to what extent it is justified to import such heavy and large quantities on a long term basis from area which are likely to be disturbed due to international problems apart from heavy outgo of foreign exchange on non capital consumables;

(c) whether the Government propose to retrieve from the situation involving heavy expenditures; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): In order to meet large demand of natural gas in the country, four oil PSUs namely Gas Authority of India Ltd., Oil and Natural Gas Corporation Ltd., Bharat Petroleum Corporation Ltd., and Indian Oil Corporation Ltd. have promoted a joint venture company namely Petronet LNG Limited (PLL) which is setting up LNG terminal at Dahej, Gujarat for which it has signed LNG Sale Purchas Agreement (SPA) with RasGas of Qatar for a period of 25 years.RasGas has been selected as LNG supplier through an International competitive bidding process.

LNG projects are highly capital intensive and, therefore, LNG supply contracts worldwide are for a period of 20-25 years with provisions for security of supply. Further, Qatar is relatively politically stable country in the Middle East region and is supplying more than 10 million tones of LNG per annum to Korea, Japan, USA etc.

Imported LNG will be economically cheaper as compared to fuels/feedstocks like Naphtha, LSHS, HSD etc. which it may replace.